

Subrecipient Monitoring Procedure

Eastern Michigan University recognizes its obligation to ensure federal pass-through funding is administered appropriately by Subrecipients on the federal financial assistance awards it receives. To this end, EMU ORDA is implementing the following procedure:

- 1) Carryout a deliberate decision making process to ensure appropriate classification as either Subrecipient or Contractor through the use of a Subrecipient or Contractor Checklist.
- 2) Require that all pass-through entities classified as Subrecipients complete a Subrecipient Commitment form to gather all required pre-submission information so that EMU can meet its requirements under 2 CFR 200.331.
- 3) Upon award, ORDA will issue a Subrecipient Agreement that includes:
 - a. Federal Award Identification information required under 2 CFR 200.331(a)(1)
 - b. All Terms and Conditions that apply to the Prime Award
 - c. Any additional requirements EMU imposes to ensure that the EMU can meet its obligations under the Prime Grant
 - d. Documentation of federally approved indirect cost rate, or the use of the federally restricted de minimis amount for entities that do not have a federally negotiated rate
 - e. Requirements that permit both EMU and the federal government auditors access to the Subrecipient's records and financial statements to meet
 - f. Appropriate terms and conditions concerning the closeout of the Subaward
- 4) ORDA, prior to submission of the proposal, will evaluate each Subrecipient's risk of noncompliance with federal statutes, regulations, and terms and conditions of the award. Factors such as, but not limited to the following may be considered in this risk assessment:
 - a. Prior experience with this, or similar Subawards
 - b. Results of previous audits, including if the Subrecipient receives a required federal Single Audit
 - c. Significant changes in personnel, or any substantial changes that may affect its ability to remain compliant
 - d. Federal awarding agency monitoring in cases where the Subrecipient receives federally-direct awards
- 5) A Subrecipient Monitoring Plan will be put in place at the time the Subaward is made. ORDA will assist, and work collaboratively with EMU's Principle Investigator and Grants Accounting Department to develop the Monitoring Plan so that programmatic progress, financial compliance, as well as compliance with award conditions are met. This will insure that the Subaward is used for the authorized purposes in compliance with Federal statutes, regulations, terms and conditions, and that the Subrecipient's performance goals are met. Monitoring activities may include:
 - a. Reviewing financial and performance reports
 - b. Communicating any deficiencies and ensuring that Subrecipient takes appropriate and timely action to correct any deficiencies
 - c. Issuing a management decision for any audit finding pertaining to the federal awards as required in 2 CFR 200.521

- 6) Depending upon the outcome of the risk assessment, additional technical assistance or monitoring may be necessary. These measure may include the following:
 - a. Training and technical assistance on program-related matters
 - b. Performing on-site reviews of Subrecipient's program operations
 - c. Conduct financial reviews, or engage in audit services that comply with the requirements of 2 CFR 200.425
 - d. Verify that every Subrecipient is audited when it is expected that the Subrecipient's federal awards expenditures meet or exceed the federal threshold set forth in 2 CFR 200.501.
 - e. Consider whether the results of the Subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.
 - f. Consider taking enforcement action against noncompliant Subrecipients as described in §200.338 Remedies for noncompliance of this part and in program regulations.

- 7) EMU may enter into fixed-price Subawards providing that they receive prior federal awarding agency approval, do not exceed the Simplified Acquisition Threshold, and meet the requirements for fixed amount awards in 2 CFR 200.201.